CITY HALL COUNCIL CHAMBERS
SANTA MARIA, CALIFORNIA
REGULAR MEETING

SEPTEMBER 1, 2009

INVOCATION:
Assistant City Manager Haydon gave the invocation.

PLEDGE OF ALLEGIANCE TO THE FLAG:
Councilmember Orach led the Pledge of Allegiance.

CALL TO ORDER:
Mayor Lavagnino called the Regular Meeting of the City Council to order at 6:30 p.m.

ROLL CALL:
MEMBERS PRESENT
Councilmembers Cordero, Orach, Patino, Zacarías, and Mayor Lavagnino.

STAFF MEMBERS PRESENT
City Manager Ness, City Attorney Trujillo, Assistant City Manager Haydon, Community Development Director Appel, Fire Chief Ortiz, Director of Utilities Sweet, Director of Public Works/City Engineer Whitehead, Director of Administrative Services Snodgrass, Director of Recreation and Parks Posada, Police Chief Macagni, and Chief Deputy City Clerk Perez.

RESOLUTION HONORING JOHN MCCOY
Mayor Lavagnino read Resolution No. 2009-127 recognizing and commending John H. McCoy, Jr., for nine years of dedicated service to the Santa Maria community as a member of the Block Grants Advisory Committee and wishing him the best in his future endeavors.

Resolution No. 2009-127 was adopted honoring John McCoy on motion by Mayor Lavagnino, seconded by Councilmember Orach, and carried on the following vote:

AYES:	Councilmembers Cordero, Orach, Patino, Zacarías, and Mayor Lavagnino
NOES:	None
ABSENT:	None
ABSTAIN:	None

Resolution No. 2009-127 adopted. A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SANTA MARIA RECOGNIZING AND COMMENDING JOHN H. MCCOY, JR.

PROCLAMATION – LAS FIESTAS PATRIAS
Councilmember Zacarías read a proclamation declaring September 13, 2009, as "Las Fiestas Patrias – A Community Celebration" in the City of Santa Maria sponsored by the Latino Business & Community Council. The proclamation was accepted by Isaac Berumen and Jessica Gomez, a 2009 scholarship winner.

PROCLAMATION – LA GUITARRA CALIFORNIA DAYS
Councilmember Cordero read a proclamation declaring September 25 - 27, 2009, as "La Guitarra California Days" in the City of Santa Maria, and encouraging the residents of Santa Maria to support this classical guitar festival by attending the concerts, Masterclasses, lectures and experiencing the guitar exhibits, and the display of rare and historic guitars. The proclamation was accepted by Russ DeAngelo and Kirk Lindsey.

PROCLAMATION – NATIONAL ALCOHOL AND DRUG ADDICTION RECOVERY MONTH
Councilmember Patino read a proclamation declaring the month of September 2009 as "National Alcohol and Drug Addiction Recovery Month" in the City of Santa Maria and encouraging all residents to support men, women and youth who are in drug and

alcohol addiction treatment and recovery along with their families. The proclamation was accepted by Jada Clark, Programs Director for Fighting Back Santa Maria Valley and members of the Fighting Back Youth Involvement Group.

PUBLIC COMMENT
Tina Baker thanked Councilmembers Patino and Cordero for attending the recent town hall meeting at the Library on heath care reform and talked about the tremendous gathering of the community at that meeting.

Mark Rademaker spoke against homosexuality.

Grover Cox, Santa Maria Museum of Flight, thanked the Council for attending the celebration this past weekend. The event had news coverage from Ventura to Salinas. He thanked the news media for advertising the event. He announced that on September 19th, the airplane, Sentimental Journey, would be in town and on display at the airport.

Mike Geddry, Santa Maria Museum of Flight, said it had been five years since they turned the air show around. This year they had a fly-in instead of the air show to celebrate 25 years of the Museum of Flight. He thanked the Council for attending the event. He said next year would be bigger and better to celebrate 100 years of aviation.

Isaac Berumen stated the Latino Business and Community Council was an organization to bring people together and bring business and events into the City. They welcomed anyone to join.

Mary Jacka spoke in support of the people who worked hard to put together special events such as La Fiesta Patrias. She said she understood how much time and effort it took. She encouraged the residents to participate in this event. She also spoke in support of the youth of the community who would be the future leaders of Santa Maria.

CONSENT CALENDAR
Councilmembers Cordero and Patino requested Item 3E be pulled for comment.

Item 3E – Eliminate Right of Appeal of Nuisance Abatement Orders from the Code Compliance Board to the City Council
Councilmember Cordero stated when he first read the item, he felt it might be taking away some rights of citizens. However, that was not the case. The right to appeal was just being transferred to the Superior Court rather than the City Council.

Councilmember Patino stated she felt it was extremely important that the City was still protecting the rights of residents. The Code Compliance Board did a really good job. If people were allowed to appeal to the City Council, it would cost the City a lot of money to hire outside counsel, so this was a step in the right direction.

Consent Calendar Items A through G were approved on motion by Councilmember Orach, seconded by Councilmember Cordero, and carried on the following vote:

AYES: Councilmembers Cordero, Orach, Patino, Zacarías, and Mayor Lavagnino
NOES: None
ABSENT: None
ABSTAIN: None

A. ORDINANCES
The reading in full of all ordinances and resolutions was waived. Ordinances on the Consent Calendar were adopted by the same vote cast at the first reading unless City Council indicated otherwise.

B. MINUTES
The Minutes of the Regular City Council Meeting of August 18, 2009, were approved as submitted.

C. WARRANTS
Warrant Nos. 152914 to 153227 totaling $1,182,982.52 were ordered ratified subject to having been certified as being in conformity with the budget and having been approved for payment by the Director of Administrative Services. Warrant No. 150770 was cancelled.

D. PAYROLL
Payment of payroll was ordered ratified subject to having been certified by the proper Department Heads, as shown on records on file in the Department of Administrative Services and having been approved for payment by the Director of Administrative Services.

E. ORDINANCE NO. 2009-21
Ordinance No. 2009-21 amending Santa Maria Municipal Code Chapter 5-6 to eliminate the right of appeal of a nuisance abatement order by the Code Compliance Board to the City Council was introduced by title only for first reading and continued to the next meeting for second reading and adoption.

Ordinance No. 2009-21 introduced. AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF SANTA MARIA, CALIFORNIA, MODIFYING SECTIONS 5-6.305, 5-6.306, AND 5-6.307 OF THE SANTA MARIA MUNICIPAL CODE TO ELIMINATE THE RIGHT OF APPEAL OF NUISANCE ABATEMENT ORDERS TO THE CITY COUNCIL.

F. ORDINANCE NO. 2009-18
The City Council conducted the second reading of Ordinance No. 2009-18 making certain technical amendments to the Santa Maria Municipal Code and adopted the ordinance.

Ordinance No. 2009-18 adopted. AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF SANTA MARIA, CALIFORNIA, AMENDING VARIOUS SECTIONS OF THE SANTA MARIA MUNICIPAL CODE RELATING TO FALSE ALARMS AND THE LIBRARY CODE OF CONDUCT.

G. ORDINANCE NO. 2009-19
The City Council conducted the second reading of Ordinance No. 2009-19 amending Section 12-35.302(a)(12) relating to off-site auto sales and adopted the ordinance.

Ordinance No. 2009-19 adopted. AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF SANTA MARIA, CALIFORNIA, AMENDING CHAPTER 12-35 OF THE SANTA MARIA MUNICIPAL CODE, RELATING TO OFF-SITE AUTO SALES.

STATE BUDGET IMPACT ON CITY FINANCES.
Assistant City Manager Haydon presented an updated report on the impact of proposed State Budget raids on City finances. On July 28, 2009, the State of California adopted their 2009-10 General Fund Budget. An integral part of the State Budget, intended to address their $26.3 billion budget deficit, was substantial funding reductions to cities, counties, and special districts. The budget included "borrowing" $2 billion in property tax revenues from local governments (Prop 1A Suspension), as well as seizing another $1.7 billion in property tax revenues from local redevelopment agencies. It is estimated that the Prop 1A Suspension will result in a revenue loss of approximately $1.5 million to the City's 2009-10 General Fund budget and the seizure of Redevelopment Agency (RDA) funding will result in a negative impact to the City's General Fund of approximately $460,000 in May 2010 and then another $95,000 in 2010-11 and annually thereafter. The Redevelopment Agency does not generate enough tax increment to meet its debt service obligations, so by default, the General Fund assumes that responsibility. In total, a reduction in these two revenue sources will impact the City's General Fund by almost $2 million this fiscal year. However, as part of the State's budget package, cities have been given an opportunity to receive the Prop 1A monies being borrowed by the State upfront through a "securitization" financing arrangement with the California Communities Development Authority (California Communities). The loss of RDA funding is also questionable since the California

Redevelopment Association (CRA) has announced its plans to litigate this action and stop the State from taking RDA funds from local governments.

Earlier this summer, the City Council authorized amendments and appropriation reductions to the 2009-10 Mid-Cycle Budget in order to close a $5.5 million hole in the General Fund using a combination of one-time reserves, operating reductions, and proposed employee concessions. Now, the City is faced with the financial challenge of absorbing another $1.5 million revenue loss in Prop 1A funds and another potential $460,000 increase in operational expenses and still maintain existing service levels. When comparing total General Fund revenues received last fiscal year to those received in the year prior, General Fund revenues were down $3.3 million. It is anticipated that the current economic environment will continue resulting in revenues being unable to sustain on-going operational expenses. Another multi-million dollar budget deficit awaits the City of Santa Maria once again in 2010-11, and there is wide belief that the State's budget crisis is still not resolved.

Since the financial impact of the proposed RDA tax increment shift will not take effect until May 2010, and the fact that this matter will be litigated by CRA and ultimately be decided by the courts, staff recommends no action be taken at this time regarding this potential RDA revenue loss. In addressing the anticipated $1.5 million Prop 1A revenue loss, there are two viable alternatives: participate in the Proposition 1A Securitization Program or a combination of using one-time reserves and reducing operating expenses across the board. The Securitization Program would not result in any decreased level of service. Conceivably, the City would receive the amount of money that the State is taking away through bond sales by California Communities. Next week California Communities will be hosting a Webinar. Following that Webinar, staff will be in a position to come back and apprise the City Council of that program. Should the City Council decide not to participate in the securitization program, a reduction in operational expenses must be made. However, it should be noted that it will impact current service levels; and in some cases, result in a decrease in service levels to the public. It should also be mentioned that should the City Council decide on participating in the Proposition 1A Securitization Program, operational reductions will just be postponed until a later date as staff does not foresee a turn around in the economy any time soon and anticipates more significant operational cuts in 2010-11 in order to address the on-going structural budget deficit. The City's revenues are on an unsustainable course to finance operation expenses this year and into next year.

Mayor Lavagnino stated the thing that worried him about the Securitization Program was that the interest rate had to be enough to make the bonds attractive and saleable. If the bonds were not sold, the whole house of cards falls apart and the City would have to make serious cuts and decisions. For the City, securitization was the only way to go. This was a problem that was going to take great wisdom and the help of all the employees to get through it.

Assistant City Manager Haydon stated California Communities was looking at the interest rate on the bonds being slightly below the General Obligation bond rate and slightly above the Revenue Anticipation bond rate. They are hoping it would be attractive on the open market.

Councilmember Orach stated someone had to pay the bonds off, and the State was $43 billion in debt. He did not know why anyone would want to buy the bonds with the State's current bond rating. California Communities did this before in 2005 when the economy was much better. At that time only 146 cities participated. Now all 481 cities would want to participate. He was also concerned that the State was going to take more money from the cities and counties.

Councilmember Cordero asked what the reduction in service levels would be in the future.

Assistant City Manager Haydon explained that if the City was looking at cuts of $400,000 from the Police Department and $152,000 in Recreation and Parks, considering that 75 to 76 percent of expenses were personnel related, it could result in

a decrease in personnel resources which might result in decreased level of service to the public.

Councilmember Patino stated she knew that the Council did not want to see a reduction in services to the community but understood that the economic crisis was going to continue into 2011. Santa Maria has been so fiscally responsible. It was depressing.

Assistant City Manager Haydon stated staff's concern was that on-going revenues were not able to sustain on-going expenditures. Property taxes and sales taxes were down, and those were on-going revenue sources that the City depended on to finance expenses.

Councilmember Zacarías stated she thought it was important to give the Council and the public as much notice as possible. What she was hearing was that the securitization program was just an opportunity to defer the reductions one time, and that was what the Council would be asked to take action on once all the facts were available.

Assistant City Manager Haydon explained that the deferral of the proposed reductions may not be enough for the 2010-11 budget. They might need to be more substantial. The City had a $5.5 million structural deficit in the budget for 2009-10. The majority of that was on-going revenues. Over $2.5 million in cuts was deferred that should have been charged to the General Fund. That was a total of $8 million. The economy would not be any better by next June. The City would have to figure out what options were available to address next year's budget.

The Council received and filed the budget report.

CITY MANAGER'S REPORT

City Manager Ness reported on items anticipated for the September 15, 2009, City Council meeting including a public hearing for the Homelessness Prevention and Rapid Re-Housing Program Allocations, two Alcoholic Beverage Control license applications, and a resolution honoring Fire Chief Frank Ortiz upon his retirement.

ORAL REPORTS BY COUNCILMEMBERS

Councilmember Cordero reported he attended the Housing Element workshop and the health care reform town hall meeting on August 20th, the United Way Board meeting and announced that he was accepted as a new Board member, the Boys and Girls Club Western Cheer event and also helped hand out awards to boxers from the PAL boxing program on August 22nd, a meeting at the Boys Club on the upcoming Fiesta on August 26th, a Peace Week Committee meeting on August 28th, and the Museum of Flight events last Thursday and Sunday.

Councilmember Patino reported she attended an affordable housing committee meeting for the County and the All-America City Committee meeting on August 19th, the Housing Element workshop and the health care reform town hall meeting on August 20th, the Manufacturer's Association Meeting on August 25th, a meeting with Cathy Simas from the Santa Barbara Foundation and the Thunder Over the Hills reception at the Museum of Flight on August 27th, a meeting with Councilmember Zacarias regarding the youth grant and the Peace Week Committee meeting on August 28th.

Mayor Lavagnino reported that he attended the Santa Maria Public Airport District Board meeting on August 19th, the Santa Barbara County Association of Governments and Air Pollution Control District meetings in Santa Barbara on August 20th, hosted the KSMA Radio show with Jerry Williams on August 21st, attended the Filipino Cultural Night at St. Mary's Church on August 22nd, hosted the KSMA radio show with Philip Alvarado on August 28th and KUHL with Ben Heighes on September 1st.

Councilmember Zacarías reported she was on KUHL with Ben Heighes, attended the affordable housing meeting on August 19th, the Museum of Flight's Saturday evening event, and a meeting with Councilmember Patino on the youth grant on August 28th.

Councilmember Orach reported he attended the Housing Trust Fund North County meeting on August 19th, a meeting with the joint City and Airport Committee, the All-America City Committee meeting, the "Bob Orach September Elks Induction Class" and the actual Induction the next night, the Manufacturer's Association Meeting, a meeting with Cathy Simas from Santa Barbara Foundation, the Sisquoc Regional Road Race on August 29th where his son participated, and on Sunday he participated in a breast cancer fundraiser.

CLOSED SESSION

The City Council recessed to a Closed Session at 7:45 p.m. to discuss Conference with Legal Counsel - regarding Existing Litigation pursuant to Subsection (a) of Government Code Section 54956.9 for Orcutt Citizens for Better Environment v. City of Santa Maria, Case No. 1314150; Santa Maria Police Officers Association v. City of Santa Maria, Case No. 1316392; Christopher G. Williams and Valerie R. Salutan v. City of Santa Maria, et. al, Case No. 1271368; and Conference with Labor Negotiators pursuant to Section 54957.6 of the Government Code - Agency Representative: Assistant City Manager - Employee Organizations: Santa Maria Police Officers Association (SMPOA); Service Employees International Union (SEIU), Local 620; Fire Fighters Local 2020; Public Safety Managers; and Non-Represented Management and Confidential Employees.

Following the Closed Session, the following report was given:

Conference with Legal Counsel – Orcutt Citizens for Better Environment v. City of Santa Maria – Status report was given with no action taken.

Conference with Legal Counsel – Santa Maria Police Officers Association v. City of Santa Maria – Status report was given with no action taken.

Conference with Legal Counsel – Christopher G. Williams and Valerie R. Salutan v. City of Santa Maria – Direction from Council was given.

Conference with Labor Negotiators – SMPOA, SEIU, Fire Fighters Local 2020, Public Safety Managers, and Non-represented Management and Confidential Employees Group – Direction from Council was given.

ADJOURNMENT

There being no further business to come before the City Council at this time, the meeting was declared adjourned by Councilmember Zacarías at 9:34 p.m. in honor of Paulino Pacheco, who had been an activist in the community since the 1960's.

APPROVED

September 15, 2009
Date

Patricia A. Perez
Chief Deputy City Clerk of the City of Santa Maria and ex officio Clerk of the City Council

ATTEST

Patricia A. Perez
Chief Deputy City Clerk

Mayor of the City of Santa Maria